

Message Text

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TO USDEL SECRETARY PRIORITY

C O N F I D E N T I A L STATE 292214 TOSEC 310361

FOR UNDER SECRETARY ROGERS FROM SORENSON

FOLLOWING REPEAT CARACAS 13981 ACTION SECSTATE INFO BUENOS AIRES
BRASILIA LONDON ROME RIO DE JANEIRO OECD PARIS 29 NOV 76

QUOTE

C O N F I D E N T I A L CARACAS 13981

E.O. 11652: GDS

TAGS: PFOR, ENRG, SHUM, ETRD, EAGR, EFIN, UK, IT, VI, VE

SUBJECT: PRESIDENT PEREZ IN ITALY AND BRITAIN-- BEYOND
MORAL REPARATIONS

REFS. ROME 19268; CARACAS 13684; CARACAS 13488; LONDON
1959; (ALL NOTAL)

SUMMARY: PRESIDENT CARLOS ANDRES PEREZ' VISITS
TO ITALY AND UK GAVE HIM AN OPPORTUNITY TO FOCUS
WEST EUROPEAN ATTENTION ON THE ROLE VENEZUELA HAS
ASSUMED AS A SELF-CONFESSED OPEC AND LATIN AMERICA
THIRD WORLD LEADER. IT ALSO PROVIDED HIM A FORUM
TO JUSTIFY OPEC AS A NEGOTIATING TOOL FOR LDCS,
LINK PROGRESS IN CIEC TO OPEC PETROLEUM PRICE
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INCREASES, LECTURE HIS AUDIENCES ON THE

PROGRESS OF VENEZUELAN DEMOCRACY, WHILE BY
INDIRECTION CASTIGATING LATIN MILITARY
DICTATORSHIPS, AND OFFER VENEZUELAN FINANCIAL
ASSISTANCE TO THE AILING ITALIAN AND BRITISH
ECONOMIES. FOLLOWING ARE OUR COMMENTS ON SOME
OF PEREZ' MAIN THEMES IN FIRST TWO EUROPEAN STOPS
OF HIS PRESIDENTIAL TOUR.
END SUMMARY.

1. OPEC AND CIEC. INCREASINGLY EXPLICIT AS
HE TRAVELLED, PRESIDENT PEREZ HAS LINKED OPEC
OIL PRICE DECISIONS TO CIEC PROGRESS. HE HAS
DONE SO, MOREOVER, IN STAGES. WHILE HIS
UNGA SPEECH DID NOT MAKE THE LINK PUBLICLY,
PEREZ CLEARLY DID SO IN HIS PRIVATE CONVERSATION
IN NEW YORK WITH UNDER SECRETARY ROGERS.
IN ROME, HE WAS READY TO MAKE THE SPECIFIC LINK
PUBLICLY, AND DID SO IN SPEECHES AND PRESS
CONFERENCES, ARGUING FOR HOLDING THE OPEC
MEETING AFTER THE CIEC MINISTERIAL AND IMPLYING
THAT CIEC PROGRESS AT THE MINISTERIAL WOULD
MEAN A PRICE INCREASE UNDER 10 PERCENT AND FAILURE TO
DO SO MIGHT MEAN A HIGHER INCREASE (ROME REFTEL).
IN PRIVATE CONVERSATIONS IN ROME, PEREZ BROUGHT
UP THE POSSIBILITY OF A PHASED PRICE INCREASE,
A SUGGESTION HE THEN MAKE EXPLICIT IN PUBLIC
STATEMENTS IN LONDON. PEREZ' SCENARIO IS CLEARLY
TO USE OPEC TO BRING MAXIMUM PRESSURE ON THE
G-8 IN PARIS; THE SUGGESTIONS OF POSSIBLE PHASED
INCREASES GEARED TO OPEC PROGRESS BEING A TACTICAL
DEVICE TO SUSTAIN THAT PRESSURE OVER TIME TO
COUNTER ANY US ARGUMENT THAT WE CANNOT MAKE
BASIC DECISIONS UNTIL THE NEW ADMINISTRATION
TAKES OFFICE.

2. NIEO. BESIDE ASSUMING A POSITION AS A
SELF-CONFESSED LEADER OF THE THIR WORLD, PEREZ
EXPLICITLY SOUGHT TO JUSTIFY OPEC AS A TOOL OR
MEANS OF ACHIEVING THE NIEO. HE SOUGHT TO
DEEMPHASIZE OPEC AS A CARTEL AND TO DESCRIBE IT
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RATHER AS A NEGOTIATING INSTRUMENT. HE REPEATEDLY
SOUGHT TO AVOID ACCUSATIONS OF CONFRONTATION,
BY STATING THAT OPEC (AND CERTAINLY VENEZUELA)
IS NOT HOSTILE TO THE DC'S. RATHER LDCS WANT
ONLY TO GAIN JUST VALUE FOR THEIR RAW MATERIALS.
WHILE ADMITTING OIL PRICE INCREASES MAY HURT
DC ECONOMIES, THE STATUS QUO IS UNACCEPTABLE
BECAUSE THE DCS GET RICH AT THE EXPENSE OF

MISERY AND HUNGER IN THE DEVELOPING WORLD. HE STRUCK THIS THEME MOST FORCEFULLY IN HIS PRESENTATION TO POPE PAUL AT THE VATICAN WHERE HE TIED THE OPE'S CALL FOR INTERNATIONAL JUSTICE DIRECTLY TO THE NIEO WHICH IS DESIGNED, HE SAID, TO CORRECT WORLD INEQUALITY AND REPAIR SOCIAL JUSTICE.

3. DEMOCRACY, DICTATORSHIP, HUMAN RIGHTS, AND ECONOMIC EXPLOITATION. IN ROME, PEREZ SAID THE LACK OF REPRESENTATIVE REGIMES IN LATIN AMERICA IS DUE TO PRINCIPALLY TO INEFFECTUAL POLITICAL PARTIES. HE ALSO OFFERED SOME ADVICE TO THE ARGENTINE MILITARY, NOTING THAT THE ARGENTINE ARMED FORCES ARE DEDICATED TO OPENING UPP ONCE AGAIN THE POSSIBILITIES OF DEMOCRACY IN THEIR COUNTRY. (PEREZ' REFERENCE TO FAVORABLE STEPS BY THE ARGENTINES MAY REPRESENT HIS REPORTED INTEREST IN HAVING ARGENTINA PLAY A SIGNIFICANT ROLE, TOGETHER WITH VENEZUELA, IN NEW HUMAN RIGHTS INITIATIVES). IN LONDON, HE FOCUSED MORE NARROWLY "ON THE SECTORS OF SOCIETY" WHICH TURNED OUT TO BY TRANSNATIONALS WHICH HAVE ACCOMMODATED THEMSELVES TO AUTOCRATIC REGIMES (READ BRAZIL). FINALLY, HE ASSERTED DEMOCRACY IS IN THE LATIN AMERICAN SOUL, AND THAT ONCE LATIN AMERICA JOIN A WORLD TRADING SYSTEM WHICH PROTECTS PRICES OF RAW MATERIALS AND OTHER BASIC PRODUCTS AND PROVIDES JUST VALUE FOR THE WORK OF THE PEOPLE, DEMOCRACY WILL BE STRENGTHENED THROUGHOUT THE CONTINENT. A SUBTHEME HERE WAS VENEZUELA'S RESPECT FOR HUMAN RIGHTS AND THE GOV'S SUPPORT FOR SOME KIND OF

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UNDEFINED INTERNATIONAL MECHANISM, UNDER UN SUPERVISION, TO STRENGTHEN WORLD-WIDE RESPECT FOR HUMAN RIGHTS, AND APPEAL HE MADE IN HIS EARLIER UNGA SPEECH.

4. VENEZUELA, THE EUROPEAN COMMUNITY, AND CONFIDENCE. PEREZ TOLD HIS ITALIAN AND BRITISH HOSTS THAT VENEZUELA WILL MAINTAIN ITS DEPOSITS IN ITALIAN AND BRITISH BANKS AND IS PLANNING TO DEPOSIT SEVERAL HUNDRED MILLION DOLLARS IN EUROPEAN BANKS DURING THE NEAR FUTURE. HE ALSO PRAISED THE EC MODEL WHICH HAS SERVED TO INSPIRE LATIN AMERICAN TO GREATER INTEGRATION EFFORTS, WHILE ADMITTING THAT LATIN AMERICAN REALITY REQUIRES A CAUTIOUS APPROACH TO

INTEGRATION. STRIKING ANOTHER FAMILIAR THEME, HE TOLD HIS EUROPEAN AUDIENCES THAT WHILE VENEZUELA IS PLEASED AT THE LOME ACCORDS, THE LATINS REGRET THAT THE EC IS NOT SENSITIVE TO THE CONCERNS OF THE OTHER LDCS WHICH COULD BENEFIT FROM MUCH THE SAME SCHEME.

5. COMMENT: PEREZ AVOIDED TWO MAIN POINTS INCLUDED IN HIS UNGA SPEECH NOV. 19, I.E., PANAMA, AND AN OPEC FINANCING MECHANISM TO ASSIST OIL-LESS LDCS. WHILE IT IS NOT SURPRISING THAT HE WOULD NOT MENTION PANAMA TO EUROPEAN AUDIENCES, HIS FAILURE TO MENTION GOV INTEREST IN THE OPEC SPECIAL FUND MECHANISM IS STRIKING. WHETHER THIS FAILURE MERELY REPRESENTS AN OVERSIGHT, OR A RESPONSE TO NEGATIVE REACTIONS BY HIS FELLOW OPEC BRETHREN REMAINS TO BE SEEN. FINALLY, AS NOTED ABOVE, HIS PUBLIC LINKING OF CIEC RESULTS TO AN OPEC PRICE INCREASE IS A NONE TOO SUBTLE EFFORT TO COERCE THE G-8 TO ACCEDE TO KEY G-19 CIEC POSITIONS.

VAKY.
UNQUOTE ROBINSON.

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